

TOWN OF KILLINGLY
FISCAL SUB-COMMITTEE MEETING
June 16, 2015, 6:30 p.m.
Room 204, 2nd Floor, Killingly Town Hall, 172 Main Street
Meeting Minutes

1. Call to Order

The meeting was called to order by Chairman Jonathan Cesolini at 6:30 p.m.

Members Present: Jonathan Cesolini, John Hallbergh, John Sarantopoulos (arrived at 6:34pm), Dennis Alemian (arrived at 6:35pm)

Others Present: Sean Hendricks, Town Manager; Mary Calorio, Finance Director

2. Citizens Participation:

None

3. Adoption of Minutes: April 21, 2015

Motion made by J. Hallbergh, seconded by J. Cesolini to accept the minutes of the April 21, 2015 meeting as amended. J. Hallbergh noted under Item 3. The vote should be changed from "3-0-0" to "2-0-1" as J. Sarantopoulos had abstained. The motion passed unanimously 2-0-0.

4. Unfinished Business

None.

5. New Business

Motion made by J. Hallbergh, seconded by J. Cesolini to move item b to before item a. The motion passed unanimously 2-0-0

b. Discussion with BOE Fiscal Sub-committee.

Motion made by J. Hallbergh, seconded by J. Cesolini to suspend the rules to allow the BOE members and staff to participate in the discussion. The motion passed unanimously 2-0-0.

J. Cesolini invited BOE members and staff to join them for discussion. J. Hallbergh stated the BOE would be giving updates on the expenditures for the current year budget. Superintendent Farr stated that to date the Education budget was in the positive balance of approximately \$25,000 - \$30,000. BOE Reports will be updated every Tuesday and Friday.

Highlights of the discussion included: Changes in the special education student count and circumstances have allowed special education services for those students to be cancelled. Additional expenses were able to be charged to appropriate grants. However, it was noted there have been several additional educational placements that will increase some costs. Field trips will be able to be charged back to the various organizations. The BOE has learned of legislation that provides for the Medicaid reimbursement to be directly received by the BOE, allowing reimbursement to the district for services for eligible students. In the past, the town has been receiving these funds as revenue instead of a direct reimbursement. K. Farr provided the legislative sections to Town Manager Sean Hendricks. Superintendent Farr stated he does not anticipate the need for a supplemental appropriation and the Education staff is closely monitoring all expenditures.

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J. Sarantopoulos asked if there was a way to calculate how much of the snow removal costs would be reimbursed from FEMA. M. Calorio gave an update on the status of the FEMA application, stating the application is in initial review. FEMA reimburses 70% of all costs they deem eligible. She cautioned the evaluation process can take six to eight months. J. Sarantopoulos expressed interest in reimbursing the school for snow removal should there be a need for a supplemental appropriation. S. Hendricks clarified the reimbursement from snow removal from FEMA would not likely be feasible within this current fiscal year. However, there is \$128,000 available in Medicaid reimbursement which could be directed to the Education budget and would not require a supplemental appropriation.

J. Sarantopoulos supports establishing a contingency account for unexpected expenditures from the Education budget. K. Farr would like to continue discussion with the Council of establishing a Non-Lapsing Fund to be utilized, based on the agreement, for those expenditures.

D. Alemian asked if any of these items could be taken up by the Consolidated Services Commission.

J. Cesolini agreed with the other members that a Non-Lapsing fund might be a solution to the current problem.

a. Review of resolution authorizing the execution of an agreement with Hooker & Holcombe Investment Advisors, Inc. and Charles Schwab Bank to establish the Killingly Other Post Employment Benefit Trust.

The Finance Director reviewed the history of Other Post-Employment Benefits (OPEB). This would convert the current reserve for OPEB to a formal Trust, which has been a goal of the Town for a number of years. Hooker & Holcombe was selected to provide the investment services including the establishment of the Trust. M. Calorio recommended the balance of the reserve of \$544,470 be transferred to the Trust, with continued funding built into the Town and Education budget over time. The annual contribution would be close to \$400,000 if the Town was to have a goal of 100% funding of the OPEB liability. S. Hendricks further explained the Town's current funding level of 15% is higher than many communities. J. Sarantopoulos expressed his support in funding this liability.

J. Sarantopoulos asked who selected this firm. Also, what are the fees? S. Hendricks explained how the firm was selected. The fee is a fixed fee of \$4,000 per year for the first three years. This represents about 0.7% of the assets.

Motion was made by J. Sarantopoulos, seconded by J. Hallbergh, to recommend to the Council the establishment of the Trust using Charles Schwab Bank, authorize the Town Manager to sign all necessary documents and transfer the \$544,470 from the reserve to the Trust. The motion passed unanimously, 3-0-0.

6. Other
None.

7. Adjournment

Motion to adjourn made by J. Sarantopoulos at 7:00 p.m. The motion was seconded by J. Hallbergh and passed 3-0-0.

Respectfully submitted,

Mary Calorio
Finance Director